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Williamsburg Cont. St. G.T. 60

**ZIMMERMAN, KUHN, DARLING, BOYD, TAYLOR AND QUANDT, PLC
LAW OFFICES**

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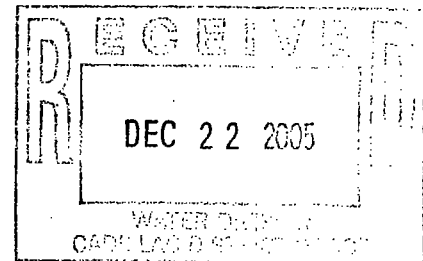
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CHARLES H. MENMUIR
1903-1987
Of Counsel:
LEWIS G. GATCH

December 20, 2005

VIA FAX - 231/775-1511

Mike Stifler
Environmental Engineer, Water Bureau
Michigan Dept of Environmental Quality
Cadillac District Office
120 W. Chapin Street
Cadillac, MI 49601-2158

**COPY**

Re: Williamsburg Receiving and Storage, Inc.

Dear Mike:

Pursuant to the voice mail which I left for you yesterday, following is a status letter which I hope to provide your office on at least a twice weekly basis. In the event of major developments, I will provide these updates on a daily basis, so that you can remain apprised of my client's efforts in resolving the issues at the above referenced facility.

Lagoon Spill Corrective Action

As I believe you should be aware from my voice mail, significant corrective actions have been undertaken with respect to addressing the lagoon spill. Impermeable barriers have been installed in locations to prevent further infiltration in the areas identified in the prior response plan forwarded to your office last week. In addition, in the area where lagoon waters migrated to the wetland area near the intersection of Angell and Munro Roads, excavation activities were undertaken yesterday and, for the most part, completed. As you know, these activities were directed to remove impacted surficial soil from the wetland areas. We received the MDEQ Land and Water Management Division wetland permit for this activity, which I am enclosing for your ready reference. Impacted soil has been stockpiled on impermeable tarps and has been covered with an impermeable tarp and secured so that further infiltration and runoff does not occur. It is my understanding that Inland Seas Engineering is making application to MDEQ Waste Management

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Division staff to arrange for final disposition of this stockpiled soil. Verification of soil remediation samples have been taken from the excavation area and we are currently awaiting laboratory response. We should have documents indicating that this release area has been completely addressed in the very near future. Further activities to be undertaken will be as outlined in the report and recommendations from Inland Seas Engineering which you received last week.

Odor Control Work Plan

As of the time of this writing, odor containment structures either have been or are being constructed by WRS over the hydrosieve area and other areas where waste water is accumulated in vessels. My client is executing a Letter of Intent/Purchase Agreement with Marathon Petroleum for the acquisition of other carbon adsorption odor control equipment. In the meantime, Inland Seas Engineering is attempting to acquire temporary equipment from another source to help immediately address these issues. We anticipate having the temporary equipment available within the next ten (10) days and the permanent equipment within the next forty-five (45) days. Of course, we will keep you posted on our progress in securing this equipment. We anticipate having the odor containment structures fully in place within the next ten (10) days, as well.

With respect to the lagoon volume and odor issues, as you are aware by correspondence from Inland Seas Engineering, from December 16, 2005, shipments of lagoon water have occurred on Friday, December 16, Monday, December 19, and Tuesday, December 20, in the amount of 10,000 gallons each day. This waste was transported to the Northern A-1 facility in Kalkaska, Michigan. Manifests for these shipments will be provided to the Department pursuant to Part 121 of the Natural Resources and Environmental Protection Act, P.A. 451 of 1994, as amended. If you would like me to provide additional copies to your office on a more regular basis, please advise and I will be happy to provide this information directly to you. I realize that 10,000 gallons per day will not make much of a dent in the short-term volume control, but we felt that it was appropriate to demonstrate my client's good faith efforts to begin hauling water as soon as possible.

Please be advised that the City of Reed City voted at their city council meeting on the evening of December 19, 2005, to begin accepting waste from WRS. My client has a meeting with city officials this Friday, December 23, 2005, to finalize details and execute contracts. If the contracts can be executed on Friday, it is my understanding that the City of Reed City can begin receiving 20,000 gallons per day on Monday, December 26, 2005. The City of Reed City would possibly be able to receive up to 40,000 gallons per day in the near future. Essentially, the City of Reed City waste water treatment plant needs to slowly integrate the WRS waste into their system and, thus, they have a volume limitation at the beginning of the relationship.

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With respect to other sources for waste water treatment, my client is negotiating with Northeastern Exploration which operates a Class I Non-Hazardous Underground Injection Well in Vienna Corners, Michigan, for the right to dispose of their liquid waste in that disposal facility. We are waiting to receive a contract and proposed pricing from Northeastern, and I hope to have that information later today or no later than this Friday.

We have also discussed with the City of Traverse City the opportunity to dispose of liquid waste at their waste water treatment plant. The City received a MDEQ ID number for receipt of this waste last Friday, December 16, 2005. Unfortunately, there is some degree of disagreement as to whether or not this waste must be integrated into the waste water treatment system in the City of Traverse City or whether or not it can be batched at the Grand Traverse County Septage Facility. The preference articulated by the city and county is that the waste be batched at the county facility and then slowly fed into the city system. However, there may be some permitting issues with the county's ability to receive this type of waste. As soon as we have some clarification from the city and county, we will, of course, apprise you of progress in that matter.

The bottom line to the disposal issue is that we are, in good faith, sending 10,000 gallons per day for disposal in the short-term. We expect to be able to dispose of 20,000 to 30,000 gallons per day from the lagoon as early as the beginning of next week. It is our expectation that we will tank, transport, and dispose, at an appropriately licensed facility, at least 30,000 gallons per day for each work day (Monday through Friday) until the lagoon is emptied and closed.

Domestic Water Well Concerns

With respect to other issues, there has been some concern expressed regarding the potential impact to drinking water wells for residences surrounding the WRS facility. My client has contracted SOS Analytical, a state certified drinking water laboratory, to independently obtain and test samples of drinking water wells for any property owner in the vicinity of the WRS facility who have any concerns about the quality of water from their drinking water well. SOS Analytical began their endeavors yesterday, December 19, 2005. Of course, we will provide you the results of that information as it becomes available.

Long-Term Treatment and Disposal Approach - Permit Modification

As I believe you are aware from our prior discussions, it is my client's intention to oscillate the operations of the facility to capture the brine-rich waste stream from the finishing soak operations. This waste stream is somewhat minimal in relation to the larger dilution, pitting and

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BOYD, TAYLOR AND QUANDT, PLC

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stemming water. It is my client's intent to capture this richer waste stream and continue to containerize and haul that liquid waste to an appropriately licensed facility. The larger volume of more dilute pitting and stemming water would follow the proposal previously outlined to your staff by which that waste would be placed into vessels, characterized, verified for its characteristics through laboratory analytical documentation, and then transported via pipeline to rapid infiltration basins located approximately one-quarter (1/4) mile south of the current plant. We have a meeting with MDEQ permit staff on Thursday, December 22, 2005, at 10:00 a.m. to discuss the technical merits of these issues in a pre-application review meeting. Certainly, if anyone from your staff is interested in participating in those discussions, we would welcome their input.

I hope that the above information provide you all of the information which you needed and wanted. I will continue to keep you apprised of matters as my client's efforts progress.

Should you have any additional questions or comments regarding the enclosed, please feel free to contact me.

Sincerely,

ZIMMERMAN, KUHN, DARLING,
BOYD, TAYLOR AND QUANDT, PLC



Joseph E. Quandt

Direct Dial: (231)947-7901 x115

jequandt@zimmerman-kuhn.com

JEQ:shp
enclosures

cc: Chris Hubbell
Brian Smith
Barry Selden (via fax)
Janice Heuer
Sy Paulik
Rick Rusz (via fax)
Andy Smits
Ralph Dollhopf
Ken Smith (via fax)

DEC 13 2005 15:38 FR MDEQ-CADILLAC 12317751511 TO 12319415154 P.02/06

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT

Cherry Blossom LLC
10190 Munro Road
Williamsburg, MI 49690

Permit No.	05-28-0089-P
Issued	December 19, 2005
Extended	
Revised	
Expires	December 31, 2006

Under the provisions of the Natural Resources and Environmental Protection Act 451, PA 1994, as amended and specifically:

- | | |
|--|--|
| <input type="checkbox"/> Part 301 Inland Lakes and Streams | <input type="checkbox"/> Part 315 Dam Safety |
| <input type="checkbox"/> Part 325 Great Lakes Submerged Lands | <input type="checkbox"/> Part 323 Shorelands Protection and Management |
| <input checked="" type="checkbox"/> Part 303 Wetland Protection | <input type="checkbox"/> Part 353 Sand Dune Protection and Management |
| <input type="checkbox"/> Part 31 Floodplain/Water Resources Protection | |

Permission is hereby granted, based on permittee assurance of adherence to State requirements and permit conditions to:

To facilitate the remediation of a wetland area for a contamination spill, excavate approximately 907 cubic yards of material from a 36 foot by 340 foot (12,240 square foot) of wetland. The wetland area as described above shall be excavated to a maximum depth of two (2) foot. All spoils shall be removed off site and placed in a Type II landfill. Restoration of the affected area shall include placing clean sand or clay to a depth not to exceed 1/2 of the excavated depth and placement of a minimum of 12 inches of clean organic topsoil or muck soils located in the upper portion of the soil removal area and graded to match adjacent wetland grades. The area shall be rough graded and seeded with a native wetland seed mixture no later than May 1st, 2006.

Water Course Affected: Tobacco Creek

Property Location: Grand Traverse County, Whitewater Township, Section 17

Subdivision, Lot Town/Range 28N, 9W Property Tax No. 13-117-002-00

Authority granted by this permit is subject to the following limitations:

- A. Initiation of any work on the permitted project confirms the permittee's acceptance and agreement to comply with all terms and conditions of this permit.
- B. The permittee in exercising the authority granted by this permit shall not cause unlawful pollution as defined by Part 31, Floodplain/Water Resources Protection of the Natural Resources and Environmental Protection Act 451, PA 1994, as amended.
- C. This permit shall be kept at the site of the work and available for inspection at all times during the duration of the project or until its date of expiration.
- D. All work shall be completed in accordance with the plans and the specifications submitted with the application and/or plans and specifications attached hereto.
- E. No attempt shall be made by the permittee to forbid the full and free use by the public of public waters at or adjacent to the structure or work approved herein.
- F. It is made a requirement of this permit that the permittee give notice to public utilities in accordance with Act 53 of the Public Act of 1974 and comply with each of the requirements of that act.
- G. This permit does not convey property rights in either real estate or material, nor does it authorize any injury to private property or invasion of public or private rights, nor does it waive the necessity of seeking federal assent, all local permits or complying with other state statutes.
- H. This permit does not prejudice or limit the right of a riparian owner or other person to institute proceedings in any circuit court of this state when necessary to protect his rights.
- I. Permittee shall notify the Department of Environmental Quality within one week after the completion of the activity authorized by this permit, by completing and forwarding the attached, preaddressed post card to the office addressed thereon.
- J. This permit shall not be assigned or transferred without the written approval of the Department of Environmental Quality.
- K. Failure to comply with conditions of this permit may subject the permittee to revocation of permit and criminal and/or civil action as cited by the specific State Act, Federal Act and/or Rule under which this permit is granted.
- L. Work to be done under authority of this permit is further subject to the following special instructions and specifications:

Received Time Dec. 19. 3:35PM

DEC 19 2005 1:39 PM MDEQ-CADILLAC 12317751511 TO 12319415154 P.03/06

MICHIGAN DEPARTMENT OF ENVIRONMENTAL QUALITY PERMIT

Cherry Blossom LLC
10190 Munro Road
Williamsburg, MI 49690

Permit No. 05-28-0089-P
Issued December 19, 2005
Extended
Revised
Expires December 31, 2006

Under the provisions of the Natural Resources and Environmental Protection Act 451, PA 1994, as amended and specifically:

- | | |
|--|--|
| <input type="checkbox"/> Part 301 Inland Lakes and Streams | <input type="checkbox"/> Part 315 Dam Safety |
| <input type="checkbox"/> Part 325 Great Lakes Submerged Lands | <input type="checkbox"/> Part 323 Shorelands Protection and Management |
| <input checked="" type="checkbox"/> Part 303 Wetland Protection | <input type="checkbox"/> Part 353 Sand Dune Protection and Management |
| <input type="checkbox"/> Part 31 Floodplain/Water Resources Protection | |

Permission is hereby granted, based on permittee assurance of adherence to State requirements and permit conditions to:

To facilitate the remediation of a wetland area for a contamination spill, excavate approximately 907 cubic yards of material from a 36 foot by 340 foot (12,240 square foot) of wetland. The wetland area as described above shall be excavated to a maximum depth of two (2) foot. All spoils shall be removed off site and placed in a Type II landfill. Restoration of the affected area shall include placing clean sand or clay to a depth not to exceed 1/2 of the excavated depth and placement of a minimum of 12 inches of clean organic topsoil or muck soils located in the upper portion of the soil removal area and graded to match adjacent wetland grades. The area shall be rough graded and seeded with a native wetland seed mixture no later than May 1st, 2006.

Water Course Affected: Tobacco Creek

Property Location: Grand Traverse County, Whitewater Township, Section 17

Subdivision, Lot Town/Range 28N, 9W Property Tax No. 13-117-002-00

Authority granted by this permit is subject to the following limitations:

- A. Initiation of any work on the permitted project confirms the permittee's acceptance and agreement to comply with all terms and conditions of this permit.
- B. The permittee in exercising the authority granted by this permit shall not cause unlawful pollution as defined by Part 31, Floodplain/Water Resources Protection of the Natural Resources and Environmental Protection Act 451, PA 1994, as amended.
- C. This permit shall be kept at the site of the work and available for inspection at all times during the duration of the project or until its date of expiration.
- D. All work shall be completed in accordance with the plans and the specifications submitted with the application and/or plans and specifications attached hereto.
- E. No attempt shall be made by the permittee to forbid the full and free use by the public of public waters at or adjacent to the structure or work approved herein.
- F. It is made a requirement of this permit that the permittee give notice to public utilities in accordance with Act 53 of the Public Act of 1974 and comply with each of the requirements of that act.
- G. This permit does not convey property rights in either real estate or material, nor does it authorize any injury to private property or invasion of public or private rights, nor does it waive the necessity of seeking federal assent, all local permits or complying with other state statutes.
- H. This permit does not prejudice or limit the right of a riparian owner or other person to institute proceedings in any circuit court of this state when necessary to protect his rights.
- I. Permittee shall notify the Department of Environmental Quality within one week after the completion of the activity authorized by this permit, by completing and forwarding the attached, preaddressed post card to the office addressed thereon.
- J. This permit shall not be assigned or transferred without the written approval of the Department of Environmental Quality.
- K. Failure to comply with conditions of this permit may subject the permittee to revocation of permit and criminal and/or civil action as cited by the specific State Act, Federal Act and/or Rule under which this permit is granted.
- L. Work to be done under authority of this permit is further subject to the following special instructions and specifications:

Received Time Dec. 19. 3:35PM

Cherry Blossom LLC

Permit No. 05-28-0089-P

Authority granted by this permit does not waive permit requirements under Part 91, Soil Erosion and Sedimentation Control, 1994 P.A. 451. The Part 91 contact for Grand Traverse County is Pete Bruski at 231-995-6042.

If the project, or any portion, is stopped and lies uncompleted for any length of time other than that encountered in a normal work week, every precaution shall be taken to protect the uncompleted work from erosion, including, but not limited to, the placement of filter fence, mulch or sod.

A siltation barrier shall be placed at the edge of any permitted wetland disturbance areas to prevent inadvertent or unauthorized impacts to wetlands.

Fill shall consist of inert materials which will not cause siltation nor contain soluble chemicals or organic matter which is biodegradable. All fill shall be contained in such a manner as not to erode into any watercourse. All raw banks shall be stabilized with mulch and native wetland seed mix necessary to prevent erosion.

Unless specifically stated under the "Permitted Activity" of this permit, construction pads, haul roads, temporary structures, or other structural appurtenances to be placed on or over bottomlands or wetlands are not authorized by this permit and shall not be constructed unless authorized by separate permit or permit revision granted in accordance with applicable law.

In issuing this permit, the Department of Environmental Quality has relied on the information and data which the permittee has provided with the permit application. If, subsequent to the issuance of the permit, such information and data prove to be false, incomplete, or inaccurate, the Department may modify, revoke, or suspend the permit, in whole or in part, in accordance with the new information.

Permittee shall be responsible for monitoring the mitigation wetland for a period of 3 full years from the date of project completion. Monitoring shall be conducted by the permittee's wetland consultant. A complete assessment of the wetland's development shall be made annually as prescribed herein and an annual report shall be provided to the Michigan Department of Environmental Quality no later than December 1 of each year.

The annual monitoring report shall include:

- a. A measure of the percent cover of wetland vegetation species (using U.S. Department of Interior, Fish and Wildlife Service's list of wetland plant species) versus upland plant species.
- b. A measure of vegetation Diversity
- c. A description of animal community structure.
- d. A record and description of hydrologic development (including characterization of water regimes, measurement of water depths, periods and degree of inundation (flooding), saturation zones, etc.
- e. A written summary of wetland development shall be provided and shall compare data gathered in current monitoring year with data of all previous monitoring years.
- f. A photographic history of all new wetland construction work and development shall be kept and submitted with the annual report. The photo record shall visually document all construction phases of the mitigation wetland and vegetated wetland areas and shall be designed to also document the wetland's development through the 3 year monitoring period.

Should the created wetland fail to establish after initial creation followed by one complete growing season the applicant is required to submit a report evaluating the reasons for the failure and a list of corrective measures to be implemented. The Department may require additional measures to be implemented, for up to 3 years after initial creation, to assure sufficient wetland resources are created for replacement of the impacted wetland resources associated with this project.

No permanent or temporary fill or excess soil or other material shall be placed in any wetland or surface water area not specifically authorized by this permit, its plans, and specifications.

Permittee is cautioned that grade changes resulting in increased runoff onto adjacent property is subject to civil damage litigation.

The permittee shall indemnify and hold harmless the State of Michigan and its departments, agencies, officials, employees, agents and representatives for any and all claims or causes of action arising from acts or omissions of the permittee, or employees, agents, or representatives of the permittee, undertaken in connection with this permit. This permit shall not be construed as an indemnity by the State of Michigan for the benefit of the permittee or any other person.

This permit is limited to authorizing the construction as specified above and carries with it no assurances or implications that any associated wetland area can be developed or served by the structures authorized by this permit.

This permit does not preclude the need for approvals or permits from other Federal, State, County or Municipal authorities as may be required by law.

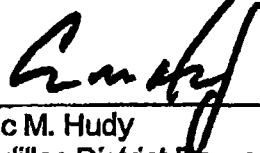
Failure to adhere to any of the conditions of this permit may result in legal action against the permittee as allowed by law.

Permittee shall notify and inform all contractors of the terms and conditions as contained in this permit. It is the permittee's responsibility for contractor compliance.

Upon completion of your project, fill out and return the enclosed card. Also include pictures of the final project indicating compliance with permit as authorized.

This permit shall be kept posted at the work site, in a prominent location at all times for the duration of the project, or until its expiration, and authorizes representatives of the Department to enter upon said property in order to inspect project progress.

Steven E. Chester, Director
Department of Environmental Quality

By 
Eric M. Hudy
Cadillac District Representative
Land and Water Management Division

cc: Pete Bruski, Grand Traverse CEA
Whitewater Township
Joe Quandt
Sy Paulik, MDEQ, WB
Ron Brown & Associates
Inland Seas Engineering

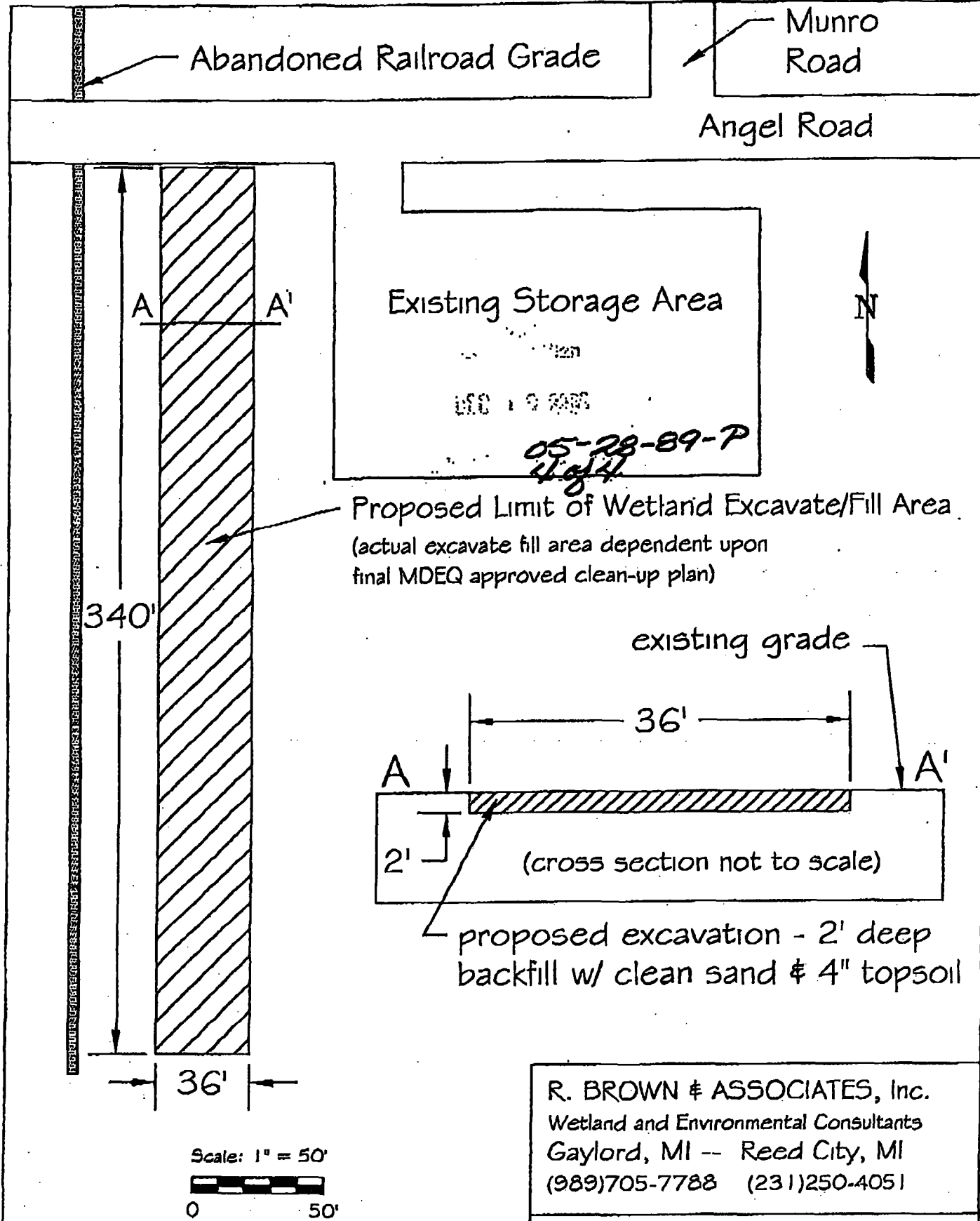


Figure 2

R. BROWN & ASSOCIATES, Inc.
Wetland and Environmental Consultants
Gaylord, MI -- Reed City, MI
(989)705-7788 (231)250-4051

Cherry Blossom LLC
Section 17, T28N, R9W
Whitewater Twp., Grand Traverse Co.

Received Time-Dec. 19. ~ 3:35PM